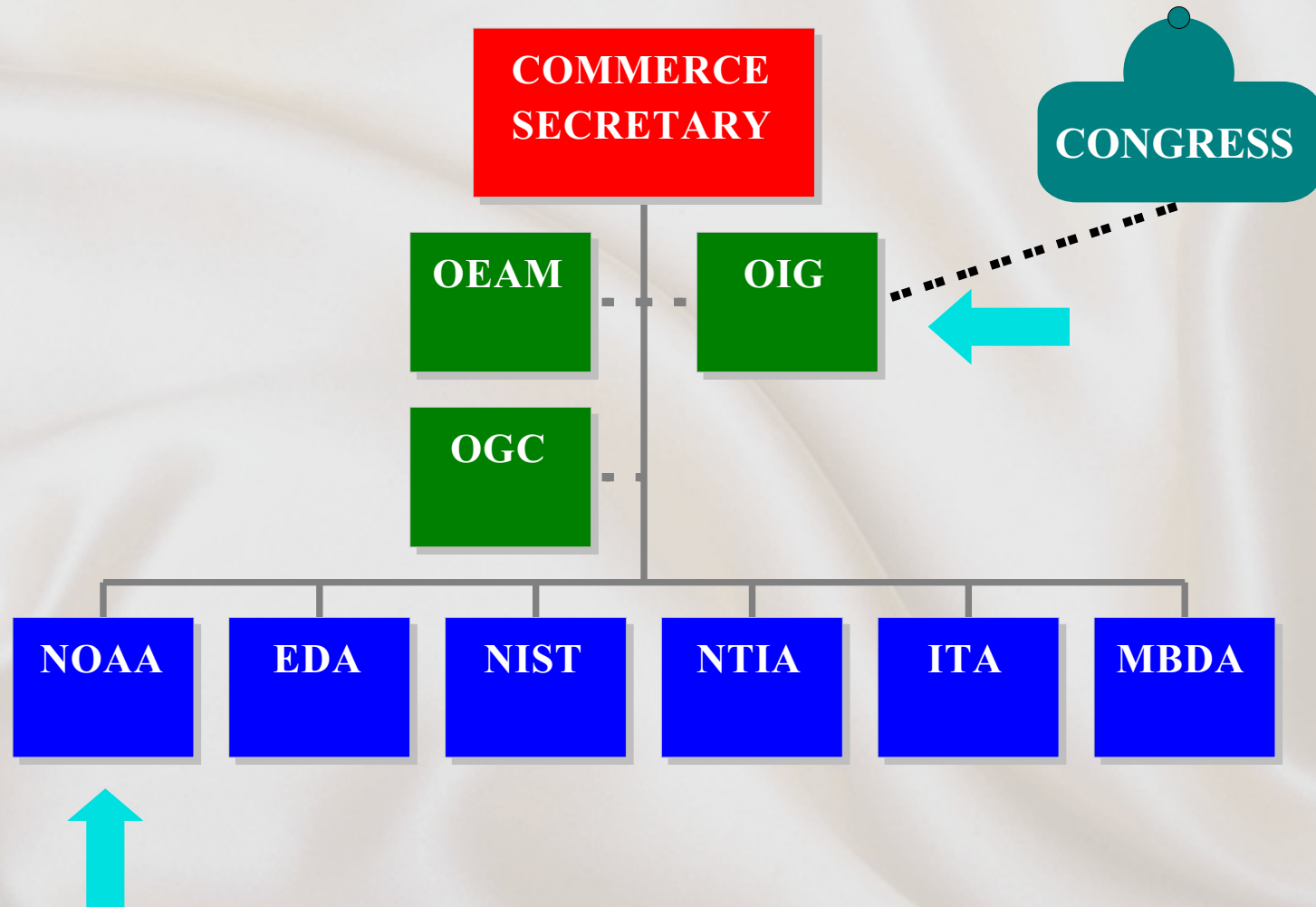




How to Avoid a Federal Audit

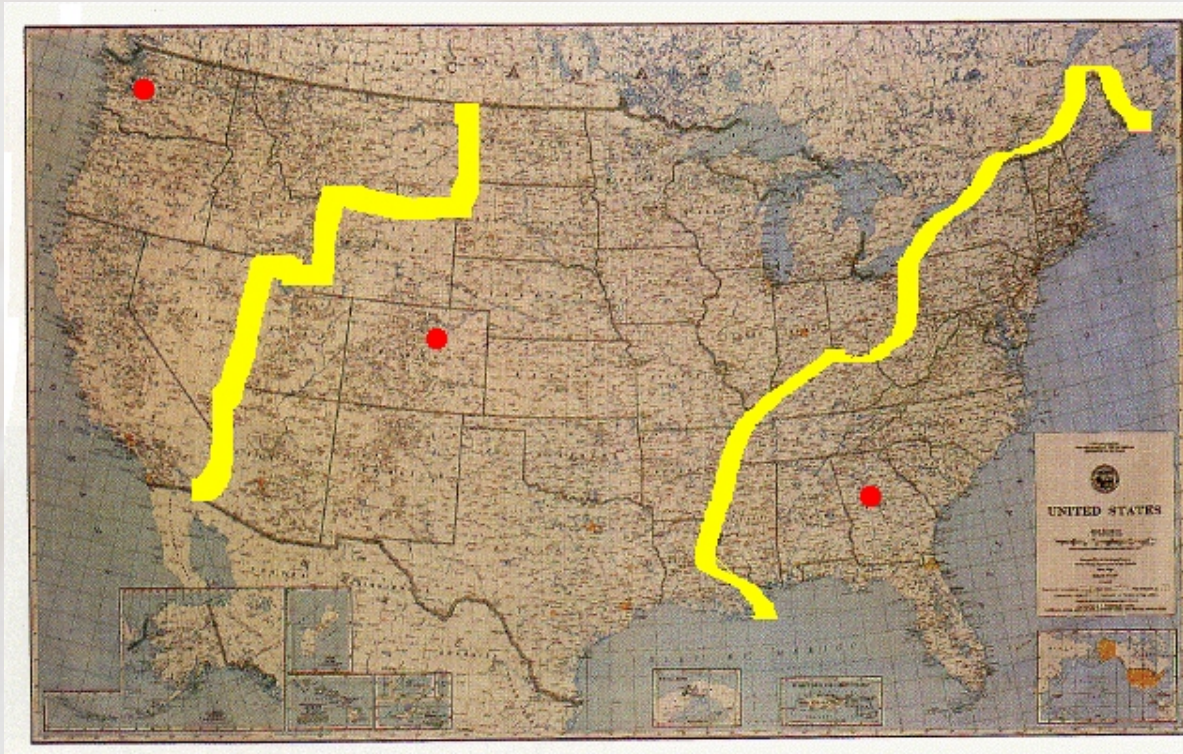
Bill Bedwell
Deputy Asistant IG
for Regional Audits

Commerce Department



3 Regional Offices Atlanta-Denver-Seattle

- Contract, Grant and Loan Audits
- National Single Audit Office, Atlanta





PURPOSE OF SINGLE AUDITS

- **Provide for uniform organizational wide audits**
 - **Promote sound financial management and effective internal controls**
 - **Promote efficient and effective use of audit resources**
 - **Reduce burden on state and local governments and non-profit organizations**
 - **Provide federal agencies reliable and useful audits**
-

IMPLEMENTING SINGLE AUDITS

- **Single Audit Act**
 - **OMB Circular A-133**
 - **Compliance Supplements**
 - **Clearinghouse**
 - **Resolution Process**
-

Single Audit Requirements in General

- **\$500,000 in annual Federal expenditures**
 - **Determine Major Programs for Audit**
 - **Report to Clearinghouse within 9 months**
-

Auditee Responsibilities

- **Identify all Federal awards and programs**
 - **Prepare a schedule of expenditures of Federal awards**
-

Major Programs

PROGRAMS	EXPENDITURES*
Interior	\$2,000,000
NOAA	1,000,000
USDA	300,000
EDA	200,000
HHS	100,000
EDA Planning	<u>50,000</u>
Total	<u>\$ 3,650,000</u>
	@ 3%
Major Programs	\$ 109,500

* Federal Share

WHAT CAN TRIGGER A FEDERAL AUDIT?

- **Single Audit Oversight**
 - **Grant Audit Task Force**
 - **Grants Officer Referral**
 - **Hotline Complaints**
 - **Grantee Request**
-

Single Audit Oversight

- **Commerce OIG Cognizant Agency**
 - **RLF Major & High Risk Program**
 - **CPA Audit Guidelines**
 - **OIG Routinely Monitors**
 - **Cost or Compliance Issues**
 - **No Single Audit to Clearinghouse**
-

Thelma Amos, Single Audit Coordinator
(404) 730-2783 tamos@oig.doc.gov

Grant Audit Task Force

- **Systematic Selection**
 - **High Risk Program**
 - **Grant Disbursement History**
 - **Prior Audit Issues**
 - **High Risk Recipient**
-

Grants Officer Referral

- **Semiannual Report Issues**
 - **Site Visit or Monitoring Concerns**
 - **Complaints or Allegations**
-

Hotline Complaints

- **Credible Complaint**
 - **Significant or Material Issues**
 - **Often Refer to Grants Officer**
-

Grantee Request

- **Fraud, Embezzlement or Theft**
-

SCOPE OF AUDIT

- **Cost Issues**
 - **Compliance Issues**
 - **Performance Issues**
-

Cost Issues

- **Salary Distribution**
 - **Pension Benefits**
 - **Travel Costs**
 - **Entertainment Costs**
 - **Contributions & Gifts**
 - **Lobbying Costs**
 - **Indirect Costs & Allocation Plan**
-

Compliance Issues

- **Grant Drawdowns**
 - **Matching Funds**
 - **Procurement Practices**
 - **Property Management**
 - **Program Income**
 - **Outside Scope of Work**
 - **Conflicts-of-Interest**
 - **Diversion of Funds**
 - **Misconduct in Research**
 - **Deemed Exports**
-

Performance Issues

- Meeting Project Objectives
 - Accuracy of Reporting
 - Project Management
 - Public or Congressional Interest
-

AUDIT RESOLUTION

- **During Audit**
 - **Exit Conference**
 - **Response to Draft Report**
 - **Response to Final Report**
 - **Appeal Agency Determination**
-

Unintentional Causes

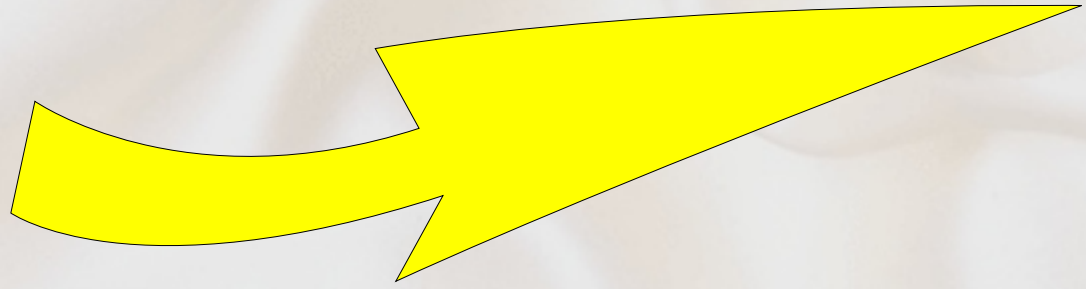
- Inadequate Documentation
 - Unfamiliar with:
 - ▶ Federal Cost Principles
 - ▶ Federal Administrative Requirements
 - ▶ Grant's Terms and Conditions
 - ▶ Audit Requirements
-

APPLICABLE REGULATIONS SPECIFIC TO ORGANIZATIONAL TYPE

<u>TYPE</u>	<u>ADMINISTRATIVE</u>	<u>COST PRINCIPLES</u>	<u>AUDITS</u>
For Profit Entities	15 CFR Part 14	48 CFR Part 31.2 (Federal Acquisition Regulations)	Government Auditing Standards (Yellow Book)
Institutions of Higher Education	15 CFR Part 14 OMB	Circular A21	OMB Circular A133
Non Profit Organizations	15 CFR Part 14 OMB	Circular A122	OMB Circular A133
Hospitals	15 CFR Part 14	45 CFR, Part 74(E)	OMB Circular A133
State and Local Governments	15 CFR Part 24	OMB Circular A87	OMB Circular A133

NOTE: IN CONJUNCTION WITH ABOVE REFERENCED AUDIT REGULATIONS,
AWARDEES MUST ALSO FOLLOW:

Department of Commerce Financial Assistance Standard Terms and Conditions
General Terms and Conditions
Special Award Conditions



Questions?